

CITY OF WATERVILLE

FINANCIAL STATEMENT PRESENTATION

June 30, 2003

Financial Overview Presented by: Kathy Tyson

RUNYON KERSTEEN OUELLETTE

The City of Waterville has now completed the financial audit process. The audit was substantially complete in October of 2003, but issuance was delayed to accommodate the capital assets, which were not provided until February 2004. This was a new requirement under GASB 34. The Department of Public Schools is part of the City and has been included in the City's financial statements. We also have a separate report on just the School Department funds.

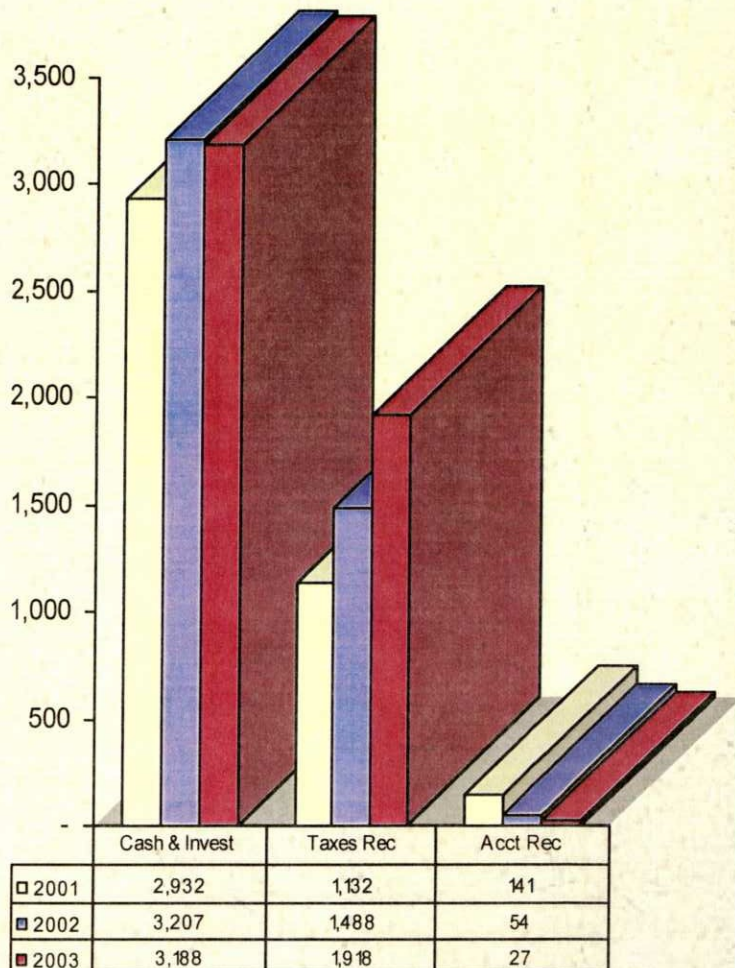
The City received an unqualified opinion on the financial statements of the primary government, but excluded the library financial statements from the report due to extraordinary circumstances. With this exception, the financial statements are fairly stated in all material respects. The City had no reportable conditions noted in this year's audit report. (There were five in 2001 and three in 2002.)

The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2003 as well as some comparative data to other municipalities.

We hope you find this information useful and understandable.

Finally, we wish to express our appreciation to all those who were so helpful to us during the audit process. It is a pleasure working with both the City and School Department staff.

Key Performance Indicators General Fund Assets (in thousands)



SUMMARY OF SIGNIFICANT CHANGES

- The cash and investments (shown net of amounts held for other funds) remained relatively unchanged.
- Outstanding taxes and liens increased by approximately \$430K.

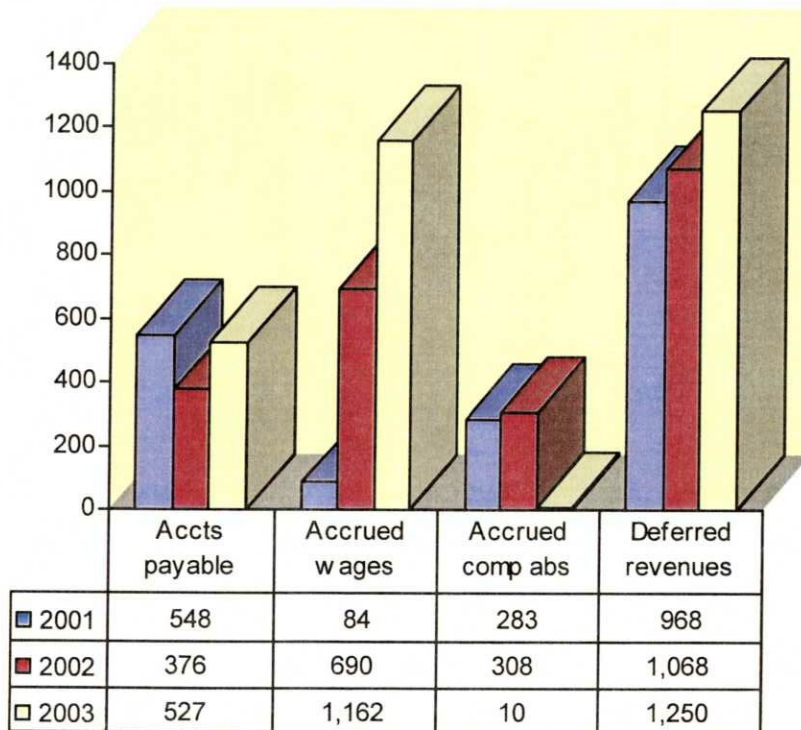
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CITY OF WATERVILLE

GENERAL FUND LIABILITIES

(in thousands)



SUMMARY OF SIGNIFICANT CHANGES

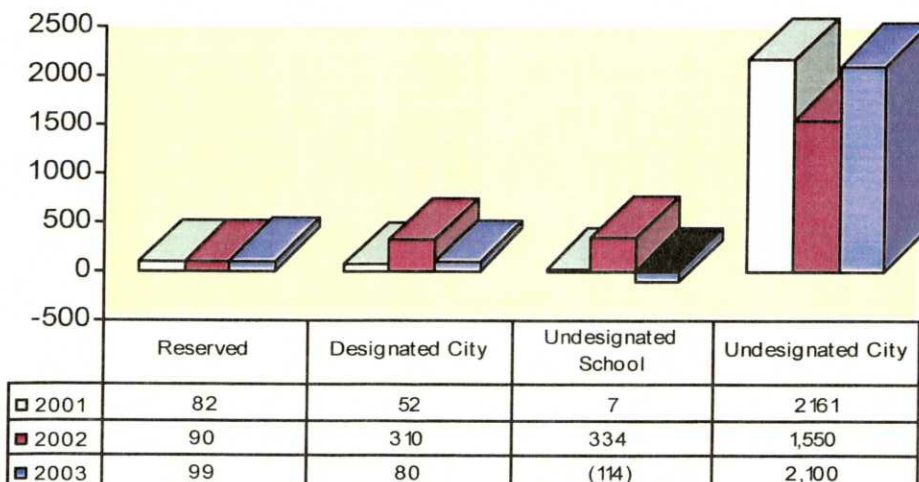
- Accrued wages, increased by \$472K. Accrued wages and compensated absences represent City payroll and vacation time earned in June of 2003, but paid (or taken) in July. The City accrued the full liability for summer teachers' payroll in its financials in 2003.

- Deferred revenue represents taxes still unpaid 60 days after the end of the year. These amounts are not recognized as revenues in the current year.

- Accounts payable increased by approximately \$151K due to timing differences in payments only.

GENERAL FUND EQUITY

(in thousands)



SUMMARY OF SIGNIFICANT CHANGES

- City undesignated fund balance increased by \$550K primarily due to favorable revenue and expenditure variances.

- School fund balances decreased due to the City reflecting the full teacher payroll liability in 2003.

CITY OF WATERVILLE

GENERAL FUND REVENUES

		2003	
	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Taxes</i>	15,646,587	15,464,741	(181,846)
<i>Licenses, permits</i>	133,380	128,045	(5,335)
<i>Intergovernmental</i>	10,598,574	10,495,072	(103,502)
<i>Tuition and other charge</i>	322,000	294,027	(27,973)
<i>Charges for services</i>	345,550	549,323	203,773
<i>Fees and fines</i>	21,000	14,303	(6,697)
<i>Unclassified</i>	760,942	1,018,523	257,581
<i>Investment earnings</i>	100,000	187,035	87,035
<i>Use of surplus</i>	535,516	510,871	(24,645)
<i>Total revenue</i>	28,463,549	28,661,940	198,391

SUMMARY OF SIGNIFICANT CHANGES

- Tax revenue shows a negative variance because of the change in deferred property taxes (uncollected taxes are up) and because of abatements and discounts totaling \$217K.
- Intergovernmental revenues were lower than budgeted primarily due to lower than expected State revenue sharing (43K), State education subsidy (79K) and State aid – roads (29K).
- Charges for services exceeded budget due to higher than expected public works revenue.
- Unclassified exceeded budget primarily due to PERC refund, sale of property, and miscellaneous reimbursements.

CITY OF WATERVILLE

GENERAL FUND EXPENDITURES

		2003	
	Budget	Actual	Variance
Council	6,375	7,804	(1,429)
Mayor	37,110	38,333	(1,223)
Administration	1,404,111	1,247,691	156,420
Assessor	135,069	117,967	17,102
Information services	460,237	438,748	21,489
Finance	336,113	332,025	4,088
City clerk	128,951	147,750	(18,799)
Planning	87,381	85,799	1,582
Economic development	203,136	187,199	15,937
Public works	3,414,484	3,460,775	(46,291)
Parks and recreation	522,888	497,467	25,421
Police	1,788,267	1,835,919	(47,652)
Communication center	294,404	282,857	11,547
Safety committee	1,200	1,005	195
Fire	1,630,088	1,628,135	1,953
Code enforcement	147,592	143,042	4,550
Health & welfare	269,508	272,542	(3,034)
Education	14,978,433	14,755,603	222,830
Unclassified	638,428	671,257	(32,829)
Debt service	1,305,763	1,230,617	75,146
Total expenditures	27,789,538	27,382,535	407,003

SUMMARY OF SIGNIFICANT CHANGES

- Administration expenditures were lower than budgeted due to the fact that when the budget is prepared all salary increases are budgeted in the administration line and are never transferred to the other individual department lines.
- Public works and police expenditures exceeded budget primarily due to salary increases that aren't reflected in the budget amount.
- Education is under budget – more details on page six.
- Debt service expenditures were under budget due to interest being less than anticipated.

CITY OF WATERVILLE

SCHOOL GENERAL FUND REVENUES

		2003	
	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Property tax revenue</i>	6,040,701	6,040,701	-
<i>State education subsidy</i>	7,668,451	7,589,286	(79,165)
<i>State agency client</i>	5,000	7,742	2,742
<i>Vocational sending units</i>	387,940	396,918	8,978
<i>Tuitions</i>	322,000	294,027	(27,973)
<i>Other</i>	368,100	416,904	48,804
<i>Utilization of prior year encumbrances</i>	29,645	-	(29,645)
<i>Utilization of prior year surplus</i>	156,596	161,596	5,000
<i>Total revenues</i>	14,978,433	14,907,174	(71,259)

CITY OF WATERVILLE

SCHOOL GENERAL FUND EXPENDITURES

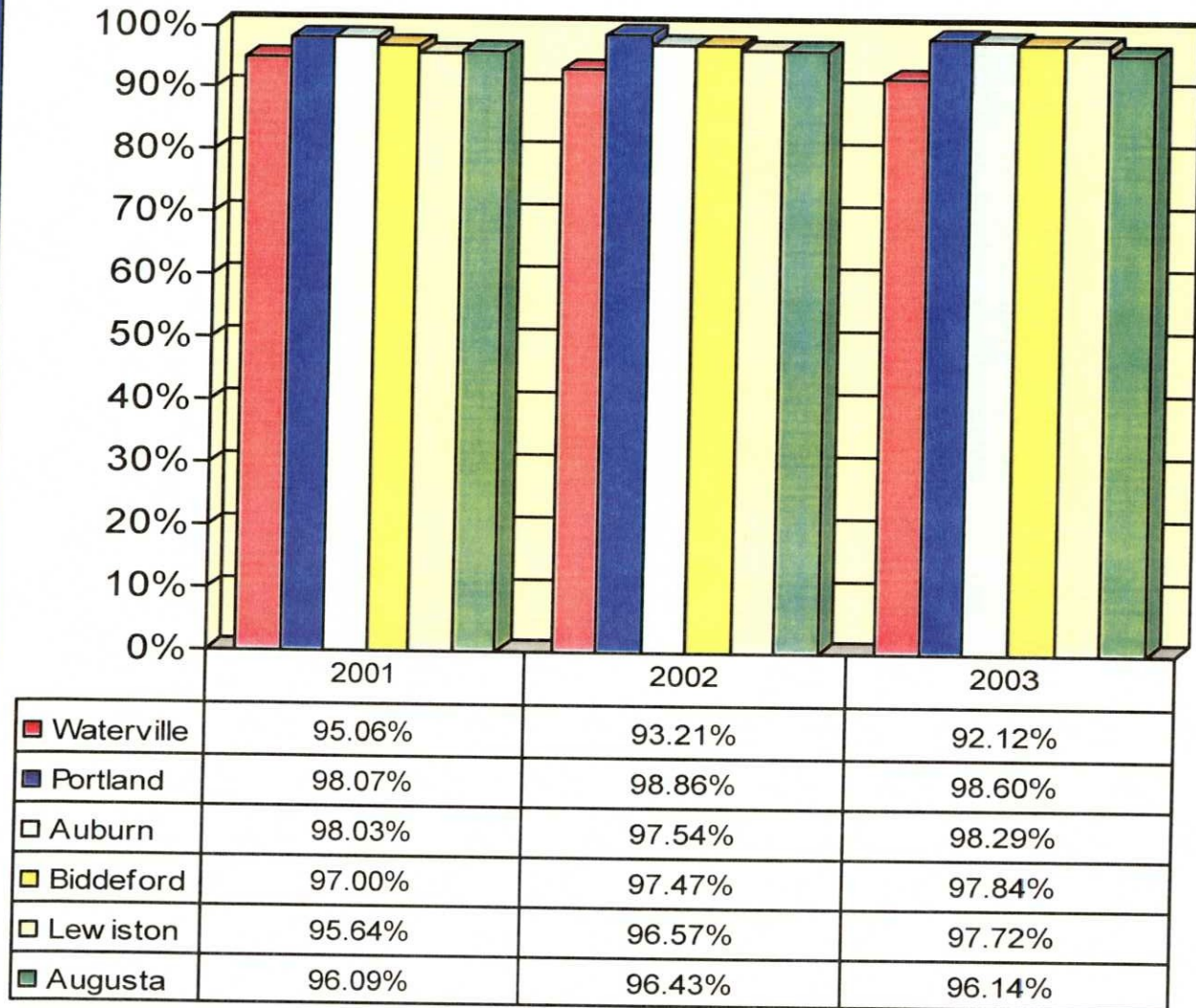
		2003	
	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
<i>Elementary</i>	3,217,829	3,185,602	32,227
<i>Junior high school</i>	2,221,878	2,194,818	27,060
<i>Senior high school</i>	3,373,538	3,367,747	5,791
<i>Vocational school</i>	1,376,673	1,352,950	23,723
<i>Special education</i>	1,857,804	1,844,226	13,578
<i>Transportation</i>	443,212	457,721	(14,509)
<i>Administration</i>	590,773	563,178	27,595
<i>Health services</i>	163,282	159,889	3,393
<i>Insurance</i>	67,600	71,984	(4,384)
<i>Area resources</i>	19,525	19,525	-
<i>ESL</i>	51,322	36,687	14,635
<i>Certification</i>	13,175	8,927	4,248
<i>Contingency</i>	40,000	-	40,000
<i>Music department</i>	230,429	237,173	(6,744)
<i>Technology</i>	395,413	374,792	20,621
<i>Alternative education</i>	187,548	150,934	36,614
<i>Capital improvements</i>	3,435	3,435	-
<i>City services</i>	28,100	28,100	-
<i>Miscellaneous</i>	77,000	75,289	1,711
<i>Debt service</i>	619,897	622,626	(2,729)
<i>Total expenditures</i>	14,978,433	14,755,603	222,830

SUMMARY OF SIGNIFICANT CHANGES

- The School expenditures on a budget basis do not reflect the additional summer teacher payroll accrual which the City has reflected in the GAAP basis financial statements.

CITY OF WATERVILLE

TAX COLLECTIONS COMPARED TO OTHER CITIES

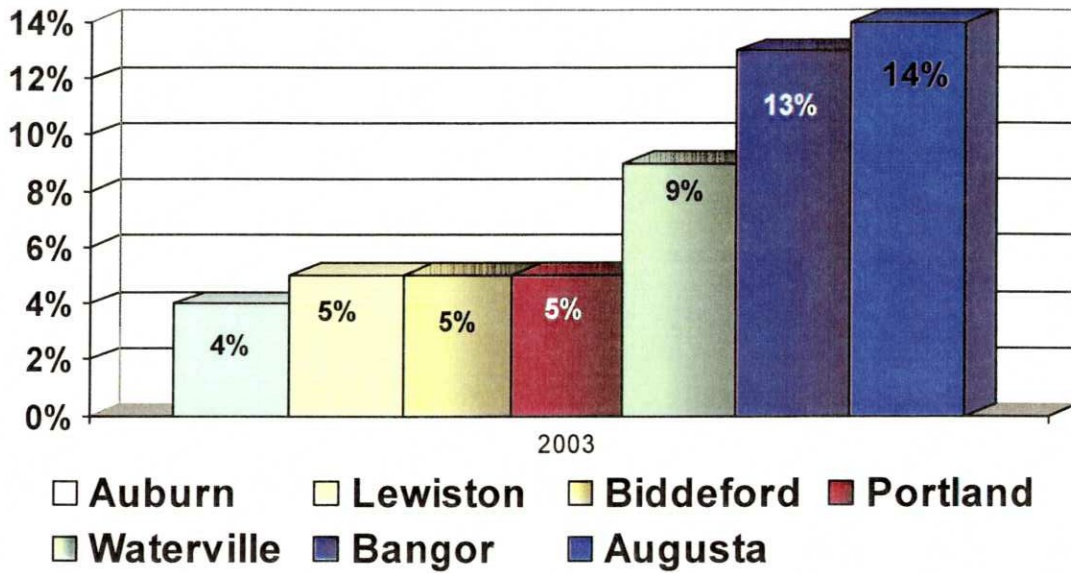


OBSERVATIONS

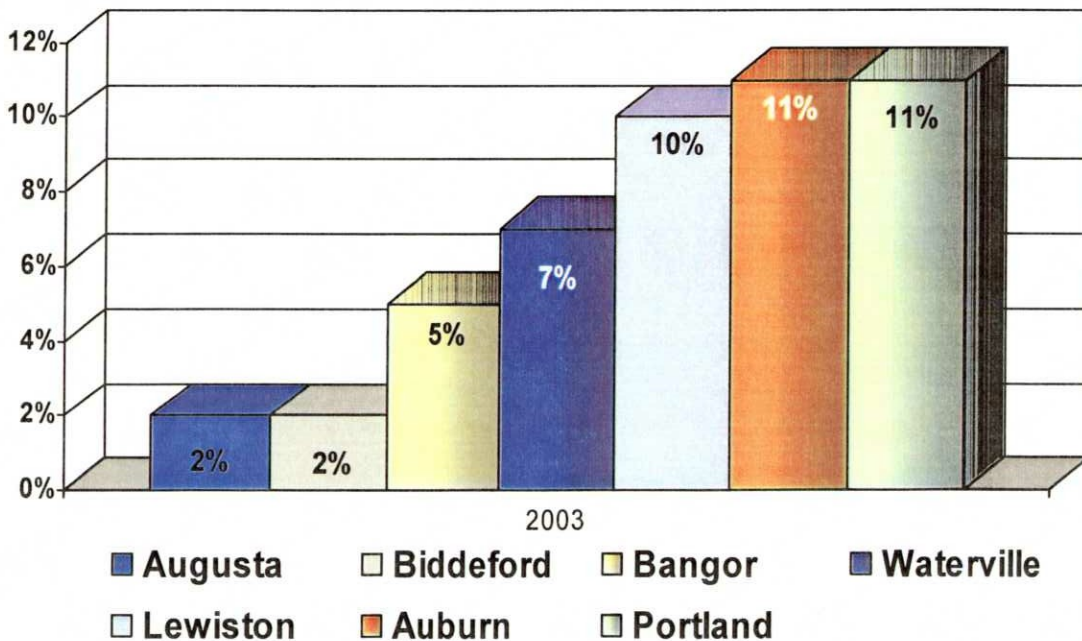
- Waterville's tax collection rate is somewhat lower than cities in Maine of similar size. This can put a strain on cash flow for certain times during the year.

CITY OF WATERVILLE

UNDESIGNATED FUND BALANCE AS A % OF BUDGET COMPARED TO OTHER CITIES

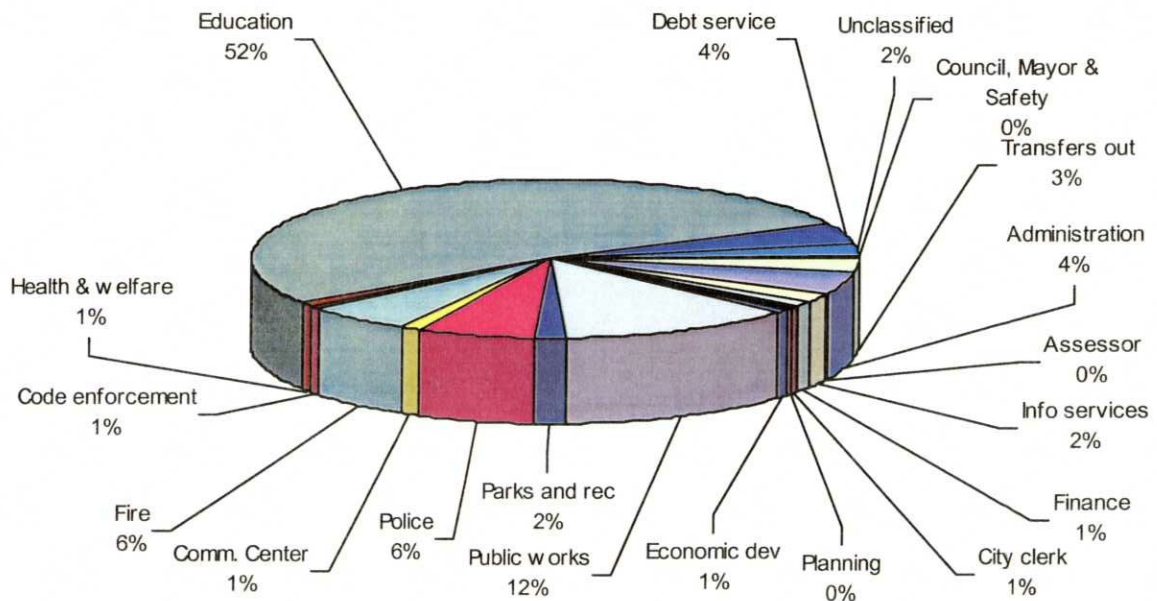
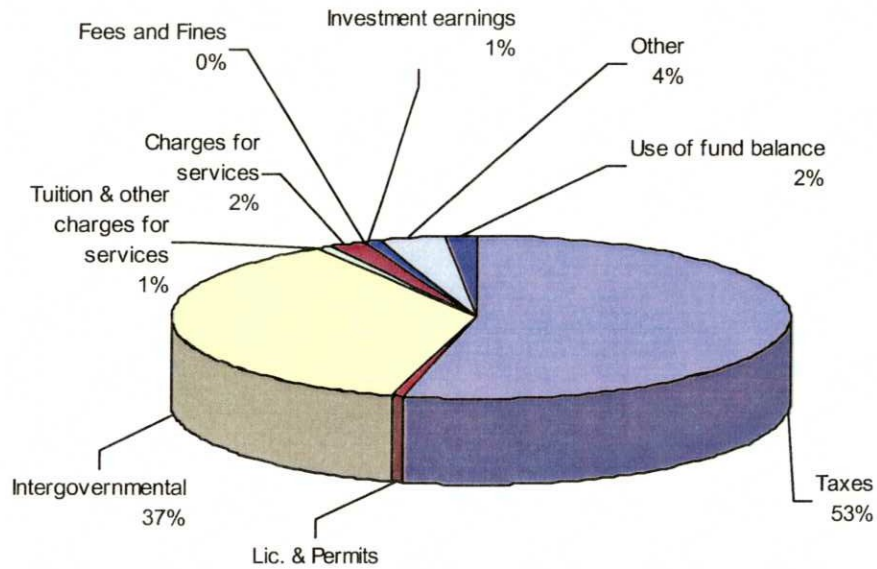


DEBT SERVICE AS A % OF BUDGET COMPARED TO OTHER CITIES



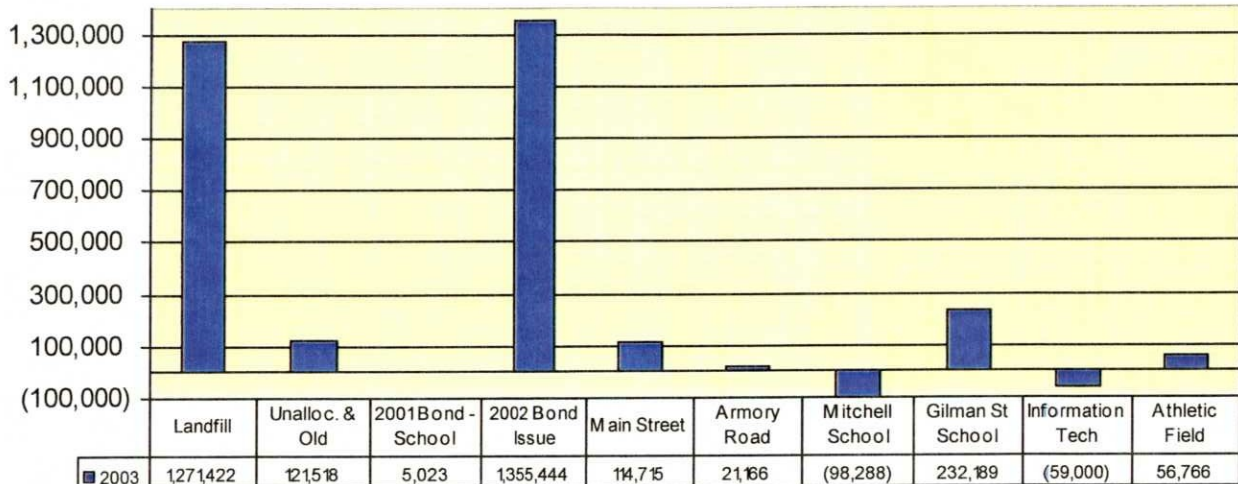
CITY OF WATERVILLE

2003 REVENUES AND EXPENDITURES – GENERAL FUND

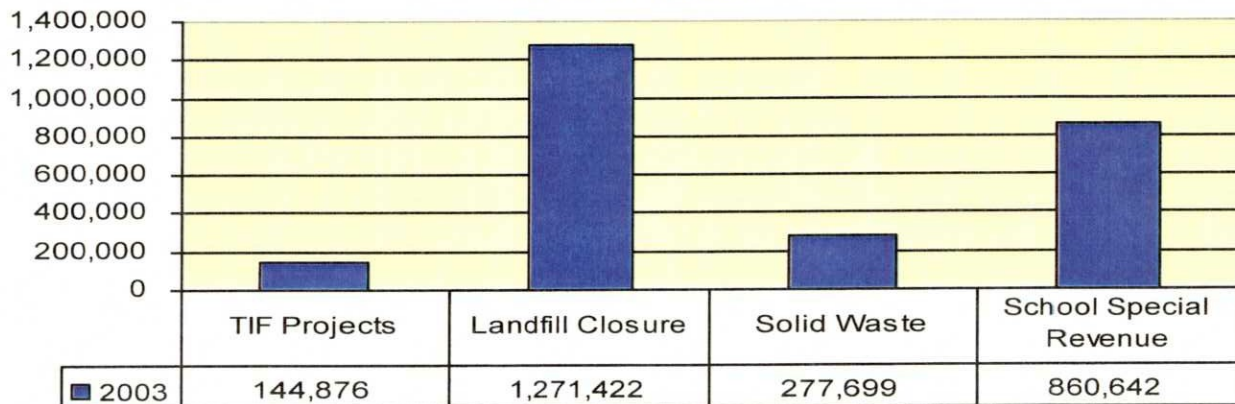


CITY OF WATERVILLE

CAPITAL PROJECTS FUND BALANCES (DEFICITS)



OTHER SIGNIFICANT FUNDS - FUND BALANCES



FINAL WORDS

This presentation is intended as a tool to assist the City Council, School Board and management in understanding its financial operating results.

The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of

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